

**Top Secret** 19

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NATIONAL INTELLIGENCE DAILY CABLE

Wednesday 2 November 1977 CG NIDC 77/254C

NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

State Dept. review completed

DIA review(s) completed.

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National Intelligence Daily Cable for Wednesday, 2 November 1977.

The NID Cable is for the purpose of informing senior US officials.

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EASTERN EUROPE: Helicopter Engine

*[Redacted] Poland and Romania have expressed interest in acquiring the US-made Allison turboshaft helicopter engine. Poland is seeking a license to manufacture it, and Romania wants to buy three to five engines for a prototype light utility helicopter. The US engine performs significantly better than engines now available in the USSR or Eastern Europe, and it probably represents light-weight technology and production methods that the Soviets have not yet duplicated. The gas generator section of the engine could also be used as the core for a small cruise missile engine.*

*[Redacted] Compared with the Soviet-designed engines now available in Eastern Europe, the Allison engine performs significantly better, is lighter, consumes less fuel, and can operate longer between overhauls.*

*[Redacted] If the Romanian helicopter design is successful, Romania may try to purchase a large number of engines or acquire a production license. Sale of the Allison engine is exempt from export controls because of the engine's small size, although granting a production license that transfers technology would require US Government approval.*

*[Redacted] The Soviets have long been interested in the engine*

*[Redacted] An East European production license could, however, give the Soviets access to these production techniques and metallurgical processes.*

*[Redacted] The gas generator section of the engine, which can be separated from the power turbine and gearbox, has size and*

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output characteristics making it adaptable as the core for a small cruise missile engine similar to the one used in the US Tomahawk. This technology could give the Soviets a two- to three-year jump in producing a higher quality cruise missile engine.

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FRANCE-MAURATANIA: Rescue

//Selected French airborne and military transport units are making contingency plans for a possible operation to rescue French hostages held in Algeria or Western Sahara by Algerian-backed Polisario guerrillas in case diplomatic efforts fail. France may also have sent some reconnaissance and combat aircraft, and possibly a small commando team, to Mauritania to increase French intelligence collection in the area and to put pressure on Algeria to intercede with the guerrillas. Paris clearly hopes to avoid further military action but wants to be prepared for any contingency. Although France has the ability to intervene, French military planners recognize that a rescue operation would be complicated and hazardous.//

the French Government decided to take a number of military steps in response to the capture early last week of two more French technicians working in Mauritania--at least the seventh and eighth French citizens taken by the Polisario guerrillas to camps in Western Sahara or Algeria. The government's initial steps apparently were to place several airborne and military transport units on alert and to increase diplomatic efforts to have the hostages released.//

//The US defense attache in Paris reports that, as of Monday, the alert status of the intervention forces had been reduced to a standby level while contingency planning continued. Elements of an infantry division and an airborne division are now apparently on standby.//

a small team of commandos from the French 11th Airborne Division may have been sent to Mauritania, probably to seek better intelligence on the activities of the guerrillas and the location of the hostages. the French have also sent a squadron of Jaguar ground-attack aircraft and

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some Atlantic reconnaissance planes to Nouadhibou airfield near the Mauritanian - Western Sahara border. [REDACTED]

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[REDACTED] We cannot confirm all aspects of these reports, but the US Embassy in Nouakchott has noted an increase in French reconnaissance flights since last week.

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[REDACTED] //Despite this military activity, it appears unlikely that the French intend to carry out a military rescue operation soon. Uncertainty about the exact location of the hostages, Algerian diplomatic demarches against any French military intervention, and France's loss of the element of surprise argue strongly against such a move in the near future.//

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[REDACTED] //Should current diplomatic efforts fail, however, the French may be obliged to take some kind of military action as a last resort. If France is willing to accept the considerable political and military risks, it has the capability to move highly trained commando forces quickly from France to Western Sahara or Algeria.// [REDACTED]

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WEST AFRICA: Security Meeting

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[ ] Representatives of seven West African nations will meet in Upper Volta next week to pursue the idea of a regional security alliance. Defense and foreign affairs representatives will attempt to resolve some of the problems that may prevent the nascent alliance from developing an effective mutual defense force.

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[ ] The six countries of CEAO--the French-speaking West African Economic Community, made up of Senegal, Ivory Coast, Niger, Mali, Mauritania, and Upper Volta--agreed in principle in June to a "nonaggression and assistance pact" that would be open to like-minded states. Togo soon indicated its willingness to adhere; along with most CEAO members, Togo has a pro-Western, anti-Communist outlook.

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[ ] The more conservative leaders of the CEAO countries, particularly Senegalese President Senghor and Ivory Coast President Houphouet-Boigny, have been noticeably concerned about security since the Soviet- and Cuban-supported Popular Movement government came to power in Angola last year. They believe the Soviets will probe for other opportunities to expand their influence in Africa.

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[ ] At the meeting next week, a number of unresolved policy questions about the mission and operation of a mutual defense organization will be addressed.

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[ ] The organization's executive officer, Lt. Col. Joseph Tavares of Senegal, has been traveling throughout the region to

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ascertain each government's attitude toward the pact. Tavares is to move in December to Ivory Coast, which is to provide the organization's headquarters.

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[ ] Ivory Coast, the CEAO country best able to pay for increased defense measures, recently ordered six French Alpha Jets with an option to buy six more. The French also have agreed to station a squadron of French-piloted Jaguar aircraft in Ivory Coast prior to the delivery of the Alpha Jets in 1980. The ground-attack Jaguars, as well as two US C-130 transports Ivory Coast has expressed an interest in buying, could play an important role in the regional defense organization.

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[ ] The embryonic organization has many problems to resolve, however, before it can be acknowledged as either a regional collective security alliance or a military deterrent force. These problems include the lack of consensus among the members on the nature of potential threats, the lack of standardized military equipment and training, and the question of whether enough members have the political will to nurse the organization to maturity.

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[ ] Meanwhile, the pact will be politically useful to the French-supported moderate states as a symbol of their mutual resistance to Soviet-supported African radicals. [ ]

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#### EAST GERMANY: Borrowing

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*[redacted] East Germany reportedly is seeking to borrow \$200 million on the Euromarket. If it is successful in obtaining the loan, East Germany's total borrowing on the syndicated market would increase to \$750 million this year--an amount roughly equal to the total the East Germans borrowed during the past five years. The East Germans are apparently feeling the pinch of another large trade deficit and rapidly mounting debt-service obligations. Western bankers, however, do not seem seriously concerned about East Germany's balance-of-payments situation and appear willing to lend to the East Germans on relatively favorable terms.*

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*[redacted] A US bank is seeking underwriters for a six-year \$200 million syndicated general purpose loan for the East German foreign trade bank, according to the US Embassy in East Berlin.* [redacted]

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25X1 [ ] The loan would be the East Germans' fifth on the Euro-market this year and the third by the foreign trade bank, which earlier negotiated two \$150 million loans. A foreign trade organization and the domestic trade bank also made their initial entries into the Eurodollar market with \$150 million and \$100 million loans respectively. The East Germans may have used these two organizations to circumvent legal or self-imposed ceilings by Western banks on lending to an individual borrower.

25X1 [ ] Borrowing to cover large trade deficits has raised East Germany's hard-currency debt from an estimated \$2.1 billion at the end of 1973 to \$4.9 billion at the end of last year. Private borrowing from commercial banks accounted for roughly two-thirds of the debt.

25X1 [ ] Their need to import large amounts of grain because of the bad harvest this year could make it difficult for the East Germans to cut their trade deficit with the developed West 25X1 much below last year's estimated \$1.2 billion. This could raise their hard-currency debt to \$6 billion by the end of the year.

INTERNATIONAL: ILO Withdrawal

25X1 [ ] *Most of the initial foreign reactions to the announced US withdrawal from the International Labor Organization express regret and hope that the US will rejoin.*

25X1 [ ] UN Secretary General Waldheim termed the move a "disappointing" one and characterized it as a "retrogressive step from the principle of collective responsibility and from the goal of universality in UN bodies." ILO Director General Blanchard, a French citizen, said the US action was "extremely drastic" and told a news conference that he hoped the US would soon reconsider. He briefly outlined his contingency plan for coping with the budgetary impact of the US withdrawal and pledged no "recriminations" against the 900 or so US citizens who work for the ILO.

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[redacted] // Various British ILO representatives expressed "deep regret" and said they intended to urge action in the organization that would allow the US to rejoin. //

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[redacted] The International Confederation of Free Trade Unions, stating that there is no alternative to the ILO, said it feared the US action would only weaken the democratic forces in the organization.

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[redacted] The Foreign Minister of Sierra Leone expressed "deep disappointment" but reiterated the usual Third World view that it is impossible to keep politics out of international organizations. He added that the decision is a sign that the US does not "really appreciate Third World attitudes" but said he hoped that the US could return. [redacted]

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## SURINAM: Election Results

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[ ] Surinam Prime Minister Henck Arron's black-dominated National Party Combination won an impressive vote of confidence in Monday's election, the first since independence from the Netherlands two years ago. Arron's unexpectedly wide margin of victory should assure a more unified government and the continuation of close Surinam-US relations.

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[ ] With most of the vote counted, Arron's four-party coalition won 24 of the 39 seats in the unicameral parliament, an increase of two seats over the previous election, in 1973. A predominantly East Indian opposition coalition took the remaining 15 seats, shutting out all other parties, including three leftist groups.

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[ ] In gaining the victory, the Prime Minister's coalition overcame the internal dissension that followed a recent bribery scandal involving a government minister. Arron also seems to have capitalized on what appeared to be a clumsy last-ditch effort by the opposition to implicate him in illegal financial activities.

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[ ] Arron is almost certain to head Surinam's new government. We do not foresee substantial changes in the cabinet or a shift in national policy. Surinam-US relations were not an election issue, and local US interests, now concentrated in the bauxite industry, should not be affected. [ ]

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